

**VERIFICATION REPORT**

**AGRICULTURAL POLICY REFORM PROGRAM**

**Tranche V**

**Policy Benchmarks for Accomplishment  
by December 31, 2001**

Submitted by

**The Government of Egypt**

to

**The United States Agency for International Development,  
Cairo**

**December, 2001**

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With the Technical Assistance of the MVE Unit of APRP

**Abt Associates Inc.**

**EQI**

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## LIST OF ACRONYMS

ACs	Affiliated Companies
ACDI	Agricultural Cooperative Development International
ALCOTEXA	Alexandria Cotton Exporters Association
APRP	Agricultural Policy Reform Program
ARC	Agricultural Research Center
BOT	Build, Operate, Transfer
CAH	Central Administration for Horticulture
CAPQ	Central Administration for Plant Quarantine
CASC	Central Administration for Seed Certification
CASP	Central Administration for Seed Production
CATGO	Cotton Arbitration and Testing General Organization
CBE	Central Bank of Egypt
CRI	Cotton Research Institute
CSPP	Cotton Sector Promotion Program
EAO	Egyptian Agricultural Organization
FSRP	Food Security Research Program
GOE	Government of Egypt
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HC	Holding Company
HEIA	Horticulture Export Improvement Association
HSU	Horticultural Services Unit
IAS	Irrigation Advisory Service
IFPRI	International Food Policy Research Institute
IPM	Integrated Pest Management
MALR	Ministry of Agriculture and Land Reclamation
MD	Managing Director
MPE	Ministry of Public Enterprise
MEFT	former Ministry of Economy and Foreign Trade (former name of MFT)
MFT	Ministry of Foreign Trade
MPWWR	former Ministry of Public Works and Water Resources (former name of MWRI)
MSHT	Ministry of Supply and Home Trade
MTS	former Ministry of Trade and Supply
MVE	Monitoring, Verification and Evaluation Unit
MWRI	Ministry of Water Resources and Irrigation
PBDAC	Principal Bank for Development and Agricultural Credit
PPC	Program Planning Committee
RDI	Reform Design and Implementation Unit
STTA	Short Term Technical Assistance
USAID	United States Agency for International Development
WPAU	Water Policy Advisory Unit

WTO

World Trade Organization

## **PREFACE**

In this critically important policy reform program, the MVE team strives to produce verification reports that are both accurate and fairSa difficult task. This tranche V report is the seventh major verification report produced by the MVE Unit of APRP.

The MVE Unit is aware of its delicate position, providing technical assistance in verification to the Government of Egypt and providing its best assessment of benchmark accomplishment to USAID. The constructive dialogue between the Government of Egypt and USAID could be a victim of overzealous interpretation of these benchmarks. This dialogue can only be maintained if both sides have confidence in its integrity and fairness. Finally, the purpose of APRP is to achieve real benefits for the people of Egypt, not only accomplishment of benchmarks and a cash disbursement.

Gary Ender, Ph.D.  
Abt Associates Inc.  
Chief of Party - MVE Unit

## ACKNOWLEDGMENTS

This report is the work of many dedicated individuals. They are primarily the listed authors, but many others provided assistance. The former Director of APRP, Dr. Saad Nassar, always gave his complete support and encouragement to the MVE unit. Eng. Mahmoud Nour provided overall coordination of APRP's work. Currently, Dr. Hussein Soliman is Director of APRP and is daily providing the active leadership and support that the project requires.

The MVE Unit has been collaborating technically with all the current and previous APRP units SRDI, FSR, EPIQ, and GreenCOMS as well as the CSPP of GTZ. The collegial environment that prevails among these units is an important factor in verification.

The MVE Unit would also like to thank our USAID colleagues for giving us strong management support. Thanks go to Dr. Mohamed Omran, Dr. Wadie Fahim, and Dawn Thomas, and our former and current Contracting Officers, Celeste Fulgham and Roy Plucknett.

The staff of the MVE unit also deserve credit for their strong support to the authors of this work: our former and current financial managers, Hesham Salah and Ayat Azmy; our administrative assistant, Yvonne Louis Azer, our secretary, Dalia Radwan, and our data specialist, Maggie Nabil. Mona El Diwany and her colleagues at EQI were always professional in both technical and administrative assistance.

There are individuals too numerous to name who gave their time and effort to make information about diverse topics available to the staff and consultants of the MVE Unit. Some of these individuals hold high positions in the Government; many are in the private sector. All of them have busy schedules. To all we extend our gratitude for their cooperation.

## **EXECUTIVE SUMMARY**

The GOE made excellent progress in accomplishing the indicators in all policy reform categories attempted under tranche V. There are a total of 18 policy benchmarks comprising 32 indicators in this tranche. All of the indicators were accomplished or exceeded; none were partially accomplished or had no progress.

### **A. PRICES, MARKETS AND TRADE**

There are no benchmarks in this category in tranche V.

### **B. PRIVATE INVESTMENT AND PRIVATIZATION IN AGRIBUSINESS**

There are no benchmarks in this category in tranche V.

### **C. AGRICULTURAL LAND AND WATER RESOURCE INVESTMENTS, UTILIZATION AND SUSTAINABILITY**

All of the indicators for the four policy benchmarks in this category were accomplished. The Ministry of Water Resources and Irrigation made excellent progress in establishing new policies to:

- integrate all water management functions at the district level
- facilitate public participation in decision-making regarding planning, development, and management of Egypt's water resources
- assure that environmental concerns are addressed in MWRI activities, by requiring that environmental impact assessments be conducted for proposed new projects

MALR clarified which crops can safely be grown with treated wastewater.

### **D. AGRICULTURAL SECTOR SUPPORT SERVICES**

Progress on the 12 policy benchmarks in this category was excellent. Of the 21 indicators, on one indicator progress exceeded that required, and 20 were accomplished. A major theme running through most of the new policies in this category is the importance of information in a market economy. Some highlights of the progress in this category are shown in the following table.



<b>Benchmark</b>	<b>New Policy</b>	<b>Relation to Information Theme</b>
D.2	CATGO publishes HVI test results	Potential traders and clients get access to complete information on key characteristics of cotton.
D.4	Publication of trade data and trade agreements	Potential traders get access to detailed information on Egypt's imports and exports, and thus on potential markets.
D.7	E-trade	Cotton lint and yarn traders are encouraged to share information about their exportable products through the use of electronic technology
D.8	Vegetable Seed "Screening"	Seed producers are allowed to import samples for testing to acquire valuable information about their suitability for sale in Egypt.
D.9	Technology Commercialization	Private companies gain access to the embedded genetic information in seeds and other ARC discoveries.
D.10	Transparency in Decision-Making	MFT shares information with stakeholders on potential impacts of new regulations.
D.11	Fish Export Regulations	Egypt establishes SPS and quality/labeling standards for fish. Such standards, when enforced by the GOE, are information valuable to EU importers, who then need not verify the information directly themselves.

In addition, MALR rescinded its old requirement for farm families to provide children to work in cotton pest control and made clear its policy on child labor in agriculture. It also approved a new policy for cooperatives that supports them as independent, private, service-oriented institutions managed by and helping their members.

## **E. FOOD SECURITY AND POVERTY ALLEVIATION**

There are two indicators for each of the two benchmarks in this category in tranche V. Three of the four indicators were accomplished, and one was exceeded. The GOE made excellent progress in clearly labeling the powder or fresh content of packaged milk and in restocking the Nile with fish fingerlings.

## SUMMARY OF ACCOMPLISHMENT

<b>Benchmark</b>	<b>Level of Accomplishment</b>			
	<b>Exceeded</b>	<b>Accomplished</b>	<b>Partial</b>	<b>No Progress</b>
<b>C. Agricultural Land and Water Resource Investments, Utilization and Sustainability</b>  <b>C.1: Integrated Water Management Districts</b>  The GOE (MWRI) will adopt a policy to integrate all water management functions at the district level to support decentralized management.  <b>C.1.1.</b> MWRI will approve a policy to integrate all water management functions at the district level.  <b>C.1.2.</b> MWRI will designate two pilot districts and initiate activities in these districts to show how the policy is to be implemented.				
		X		
		X		
<b>C.2: Public Participation in Decision-Making</b>  The GOE (MWRI) will adopt a policy to facilitate public participation in decision-making regarding planning, development, and management of Egypt's water resources.  <b>C.2.1.</b> MWRI will approve a policy addressing mechanisms and procedures for interactive participation by stakeholders in water resource development and management decision-making.  <b>C.2.2.</b> MWRI will conduct at least one public participation activity on a selected issue to demonstrate policy implementation mechanisms and procedures.				
		X		
		X		

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<b>C.3: Environmental Management at MWRI</b>  The GOE (MWRI) will approve a policy to improve environmental management of water resources in MWRI operations.  <b>C.3.1.</b> An approved MWRI policy that addresses procedures, mechanisms, and a plan to assure environmental concerns are addressed in MWRI activities, by requiring that environmental impact assessments be conducted for proposed new projects.		X		
<b>C.4: Forests from Wastewater</b>  The GOE (MALR) will develop a policy to encourage the commercial production of crops irrigated with wastewater, especially trees.  <b>C.4.1.</b> The GOE (MALR) will establish a policy stating which crops and crop varieties can be grown safely with treated wastewater. This will include fast and slow-growing tree species and all other eligible crops, including ornamentals. This information will be available in the office of the Under-Secretariat for Afforestation.  <b>C.4.2.</b> The GOE (MALR) will fund and carry out a research program and at least one pilot project to determine the agronomic, economic, and public health parameters of growing crops with treated wastewater in Egypt.		X  X		

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<p><b>D. AGRICULTURAL SECTOR SUPPORT SERVICES</b></p> <p><b>D.1: Cotton Marketing Rings</b></p> <p>Government will allow private sector cotton buyers and cooperatives to set up and operate marketing rings for the collection and purchase of seed cotton.</p> <p><b>D.1.1.</b> The GOE will incorporate adequate provisions in the inter-ministerial decree organizing the optional marketing system for seed cotton for the season 2001/2002 to ensure:</p> <ul style="list-style-type: none"> <li>a) that private sector cotton traders and cooperatives can set up and register private marketing rings for the collection and purchase of seed cotton (in addition to the rings operated by PBDAC - the Principal Bank for Development and Credit);</li> <li>b) that CATGO (Cotton Arbitration and Testing General Organization) provides grading services to registered private sector marketing rings as needed;</li> <li>c) that seed cotton purchased through private marketing rings will be entitled to the same deficiency payments (price subsidies) as cotton purchased through rings set up and operated by PBDAC.</li> <li>d) that private rings will have access to private certified weighers on the same basis as PBDAC rings.</li> </ul>		X		

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<p><b>D.2: High Volume Instrument (HVI) Testing of Cotton</b></p> <p>The GOE will authorize and equip CATGO (Cotton Arbitration and Testing General Organization) to sample and test every cotton bale coming out of private and public gins, and to disseminate fiber test information through a web-site or other public media on a weekly basis.</p> <p><b>D.2.1</b> The GOE (MSHT) will authorize CATGO to expand its ability to carry out HVI testing on cotton bales destined for export.</p> <p><b>D.2.2</b> CATGO will make publicly available weekly its summaries of the previous weeks' HVI test results of export bales on a web-site or other public media during the 2001-2002 season. This will begin no later than three weeks after the opening of the marketing season.</p>		<p>X</p> <p>X</p>		
<p><b>D.3: Competitive Advantage and Demand Creation</b></p> <p>The GOE (MEFT/MALR/MPE/MOI) will adopt a policy to support private sector efforts to generate demand for Egyptian products abroad and will assign resources to assist these efforts.</p> <p><b>D.3.1.</b> The GOE (MEFT) will support ALCOTEXA (Alexandria Cotton Exporters Association)'s efforts to launch and manage a unified cotton logo program by providing financial and technical support for promotion and advertising.</p>		X		

## SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<b>D.4: Transparency in Trade Data and Trade Agreements</b>  The GOE (MEFT) will establish a policy to publish Egypt's trade agreements and disseminate monthly bulletins of disaggregated, product-by-product trade data.  <b>D.4.1</b> A policy statement from the MEFT requiring the publication of foreign agricultural trade agreements and amendments in Arabic and English.  <b>D.4.2</b> A policy statement from the MEFT requiring the issuance of monthly bulletins with disaggregated, product-by-product bilateral and multilateral agricultural trade statistics.  <b>D.4.3</b> Evidence that the agricultural trade agreements and monthly statistical bulletins are published by internet and on paper and are available to all who request them.		X   X   X		
<b>D.5: Management Autonomy for Cooperatives</b>  The MALR will ensure the management autonomy of Multipurpose Credit and Specialized Cooperatives.  <b>D.5.1</b> The MALR will conduct a pilot program in which multi-purpose cooperatives will choose their own Board of Directors without nominations from the MALR and the GOE will withdraw government funded resident technical specialists from MALR. The pilot program will include two cooperatives in each of two governorates.	X			

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<b>D.6: Public-Private Partnership to Promote Exports</b> The GOE (MEFT) will direct funds to private associations to help finance activities related to the development of Egypt's competitiveness in exports.				
<b>D.6.1</b> Ministerial decree committing funding to the ACC and other Commodity Councils for export promotion.		X		
<b>D.7: Egypt E-Trade</b> The GOE will allow cotton and yarn producers, manufacturers, exporters, and traders to use an internet-based facility to sell their products for export at competitive prices obtained through open and transparent international bidding.				
<b>D.7.1</b> The GOE allows, in writing, the use of an internet-based, online marketing facility for the sale for export of cotton lint and yarn.		X		
<b>D.7.2</b> Private and public sector exporters in Egypt are aware of the authorization for on-line marketing of Egyptian cotton lint and yarn.		X		

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<b>D.8: Vegetable Seed Variety “Screening”</b>  The GOE will permit the import of sample vegetable seeds for multi-location trials under farmers’ conditions.  <b>D.8.1</b> An official policy statement that permits hybrid vegetable variety screening by seed companies by permitting the import of sample seeds for multi-location trials under farmers’ conditions.  <b>D.8.2</b> Confirmation that private seed company representatives are aware of the policy change to allow the import of sample seeds for screening purposes.		X    X		
<b>D.9. Technology Commercialization in Agriculture</b>  The GOE will issue and begin implementation of an Intellectual Property and Technology Commercialization Policy for the Agricultural Research Center (ARC).  <b>D.9.1</b> A ministerial decree establishing an intellectual property and technology commercialization policy for the ARC. The adopted policy will assign a portion of license revenues to each innovator.  <b>D.9.2</b> Establishment of an office within the ARC to implement the policy.  <b>D.9.3</b> Publication and dissemination of the new policy to ARC staff and potential private sector partners in technology research and marketing.		X   X  X		



### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<p><b>D.10: Transparency in Decision-Making</b></p> <p>The GOE (MEFT) will issue a decree that requires the discussion of foreign trade draft regulations with stakeholders before the issuance of the regulation.</p> <p><b>D.10.1</b> A ministerial decree requiring that, before issuance of new regulations, a public meeting be held for discussion of any draft regulation affecting exports and export business. Following the public meeting, exporters will have a one-week period for written comment.</p> <p><b>D.10.2</b> Evidence that the procedures established in the decree have been implemented (e.g., public meetings, public comments).</p>		<p>X</p> <p>X</p>		
<p><b>D.11: Increasing Fish Exports</b></p> <p>The GOE (MEFT and MALR) will establish internationally acceptable sanitary and phyto-sanitary and quality standard regulations for Egyptian exports.</p> <p><b>D.11.1</b> The GOE (MEFT &amp; MALR) will issue a decree establishing SPS and quality/labeling standards for Egyptian fish and shellfish exports.</p> <p><b>D.11.2</b> The GOE (MEFT &amp; MALR) will present these regulations to the EU and request their agreement to accept imports of fish and shellfish from Egypt.</p>		<p>X</p> <p>X</p>		

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<p><b>D.12: Agricultural Labor</b></p> <p>The Government of Egypt's Ministry of Agriculture and Land Reclamation (MALR) will publicly announce that the decree of 1965, which required at least one child per farm family to work in leaf worm control in cotton, has been rescinded and that any articles in other existing decrees requiring child labor in agriculture are null and void.</p> <p><b>D.12.1</b> The Government of Egypt's Ministry of Agriculture and Land Reclamation (MALR) will develop and implement a public awareness and education program that will disseminate through newspapers, radio and television, information on the policy change, including information on child labor protections in the agricultural sector.</p>		X		
<p><b>E.1: Proper Labeling of Food Products</b></p> <p>The GOE (MSHT) will ensure that all food products are properly labeled for consumer protection.</p> <p><b>E.1.1</b> Decree establishing truth in labeling for milk products, as per standard U.S. or EU criteria, to establish the distinction between fresh and reconstituted milk.</p> <p><b>E.2.2</b> Public awareness of new regulations among processors.</p>		X  X		

### SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accomplished	Partial	No Progress
<b>E.2: Improved Fisheries for Employment, Incomes and Nutrition</b>  The GOE (MALR, in cooperation with the MWRI) will restock the Nile in Upper Egypt with indigenous species of fish.  <b>E.2.1</b> The GOE (MALR/GAFRD) will issue a policy statement that re-stocking the Nile is now the policy of the GOE.  <b>E.2.2</b> The GOE will prepare and approve plans and obligate LE 1 million for re-stocking selected areas along the Nile.		X		
<b>TOTAL</b>	2	30	0	0

## **A. PRICES, MARKETS AND TRADE**

There are no benchmarks in this category in tranche V.

## **B. PRIVATE INVESTMENT AND PRIVATIZATION IN AGRIBUSINESS**

There are no benchmarks in this category in tranche V.

## **C. AGRICULTURAL LAND AND WATER RESOURCE INVESTMENTS, UTILIZATION AND SUSTAINABILITY**

### **Benchmark C.1: Integrated Water Management Districts**

#### **Policy Benchmark:**

The GOE (MWRI) will adopt a policy to integrate all water management functions at the district level to support decentralized management.

#### **Verification Indicator(s):**

**C.1.1.** MWRI will approve a policy to integrate all water management functions at the district level.

**C.1.2.** MWRI will designate two pilot districts and initiate activities in these districts to show how the policy is to be implemented.

#### **Method**

**C.1.1.** The MVE Unit obtained a copy of the approved policy and related documents and reviewed them for relevance.

**C.1.2.** The MVE Unit followed the designation of the two pilot districts and the initiation of activities in these districts through interviews with project staff.

#### **Analysis and findings**

**C.1.1.** The MWRI policy committee finalized a draft of the IWMD national policy on December 4, 2001. The policy was subsequently approved by HE the Minister of Water Resources and Irrigation.

**C.1.2.** In recent years, it has become clear that water management is best served through an integrated package of services and practices, including irrigation, drainage, conjunctive water utilization, rainfall management and flood control. Water management policies are more effective when they are decentralized. The objective of the work done under this benchmark is to initiate such a program in Egypt by decentralizing water management and focusing on integrated district-level coordination and management.

The main achievements under this benchmark are as follows:

- The concept of the Integrated Water Management District (IWMD) was developed
- Selection criteria of IWMD pilot districts were developed and approved
- Two pilot areas were selected
- Pilot programs were initiated in these districts
- A detailed assessment of conditions and practices in each pilot district was conducted and IWMD policy was outlined
- Modification of irrigation and drainage districts boundaries was the first step
- The MWRI policy committee finalized a draft of the IWMD national policy on December 4, 2001

In determining district selection criteria, it was important to consider the districts' practices and planning for groundwater use and drainage water reuse. In order to facilitate the work of the IWMD, it was proposed also to select districts with minimum overlap in irrigation and drainage boundaries. The working group had intensive consultations with MWRI staff at different levels. Seven districts were proposed for the IWMD pilot program. Data and information for these district were tabulated and analyzed. Based on the criteria, two pilot districts were selected for the IWMD benchmark. One of them has a water board pilot program; both districts are in the Delta. The two districts are South Zifta irrigation district in Menoufeya Irrigation Directorate and Ibrahimia irrigation district in West Sharqeya directorate.

Pilot programs were initiated in these two districts. The main activities under the pilot programs were:

- Expanding the understanding of the MWRI structure at the district level
- Evaluation of the current responsibilities and mandates, equipment, buildings, water management, financial issues, staff and facilities in the district
- Proposing a new structure and discussing it with district staff
- Conducting seminars and workshops to come up with a final structure
- Implementation of computer training
- Defining the policy

#### Accomplishment

Indicator	Status	Justification
C.1.1	Accomplished	The policy has been approved by HE the Minister of Water Resources and Irrigation.
C.1.2	Accomplished	Activities were initiated in two districts.

Documents attached immediately following

1. Memo dated November 18, 2001 from Eng. Gameel Mahmoud to HE the Minister containing the policy on Integrated Water Management Districts, signed by the Minister with the notation, “approved.” (Arabic)
2. Translation of above in English
3. Ministerial decree (as yet unnumbered)/2001 dated December 8, 2001 for modification of boundaries of South Zifta and Ibrahimia irrigation districts and thereby establishing the pilot areas (Arabic)

Other relevant documents

1. **Integrated Water Management District.** Water Policy Program. Report No. 49. Main Document. International Resources Group, Winrock International, Nile Consultants. December, 2001.

## **Benchmark C.2: Public Participation in Decision-Making**

### **Policy Benchmark:**

The GOE (MWRI) will adopt a policy to facilitate public participation in decision-making regarding planning, development, and management of Egypt's water resources.

### **Verification Indicator(s):**

**C.2.1.** MWRI will approve a policy addressing mechanisms and procedures for interactive participation by stakeholders in water resource development and management decision-making.

**C.2.2.** MWRI will conduct at least one public participation activity on a selected issue to demonstrate policy implementation mechanisms and procedures.

### *Method*

**C.2.1.** The MVE Unit obtained a copy of the approved policy and reviewed it for relevance.

**C.2.2.** The MVE Unit followed the implementation of the public participation activity through interviews with technical assistance staff and attendance at key meetings and workshops. On March 20, 2001 Dr. Gary Ender attended the first MWRI seminar on public participation in decision making in Cairo.

### *Analysis and findings*

**C.2.1.** The policy was developed during the implementation of the indicator and has been approved by HE the Minister of Water Resources and Irrigation. Article 1 of Ministerial Decree 432/2001 approves:

inclusion of public participation in decision making , whenever it is needed, in the general policy of managing the ministry's activities related to planning, development and management of Egypt's water resources.

**C.2.2.** A Public Participation Working Group (PPWG) was constituted by MWRI to implement this benchmark. The main steps accomplished during the implementation of this indicator were:

- Visioning workshop to prepare the PPWG to perform a pilot application of public participation principles and procedures
- Pilot program
- Development and approval of a policy on integrating a cohesive public policy program into MWRI decision processes (C.2.1)
- A report describing mechanisms and procedures to implement the policy

For the pilot program, the PPWG chose a problem that was focused on a somewhat confined geographical area, with a fairly well-defined group of stakeholders. It had to be completed in 4-5 months, so it was necessary to take on an issue that did not involve shared decision-making with other ministries, or a large geographical area.

The decision selected as the focus of the pilot application was when and how to perform cleaning and maintenance on two sub-canals, El Ragabeya and the Second Right El Gannabeya in the El Santa District in the Gharbeya Directorate. This involved dredging the canals to remove sediment and waste materials, and physical improvements such as pitching of canal banks, changes in out-takes, removing encroachments, and repairing bridges.

The PPWG expected to achieve a high level of agreement on the maintenance plan, but it was understood that it might not be able to achieve full agreement on all issues. It was important to make it understood by all stakeholders that the responsibility for the final decision rests with MWRI, taking into account the information it has received from stakeholders. The goals of the pilot application were to reach a consensus *among the stakeholders* regarding each of the issues associated with cleaning and maintenance program for the two canals and for the stakeholders to understand the decision-making process and why the decisions were made.

Two work plans were developed: a general plan for the entire pilot application and a detailed plan for the field team to conduct the surveys. Field surveys were necessary to identify stakeholders and issues of concern to those stakeholders regarding cleaning and maintenance of the pilot canals. The following are some of the key steps in the implementation of the pilot program:

- Identify stakeholders and issues related to cleanup and maintenance of the two canals
- Identify criteria for resolution of the identified issues
- Identify alternatives for resolving the identified issues
- Evaluate alternatives
- Incorporate the best alternatives for each issue into a final plan for cleanup and maintenance, subject to Ministry constraints
- Present the final decisions on the issues to the stakeholders and explain why each decision was taken

A workshop was held in June, 2001 in Tanta, in which stakeholders reviewed the issues and broke up into work groups to develop criteria to evaluate the desirability of alternative methods of resolving the issues. Following this workshop, there were several field trips to make individual contacts and hold focus group meetings to clarify and document site-specific problem areas on each canal. The data gathered and stakeholder concerns expressed about each issue were then used as a basis for the district and directorate staffs to develop alternative solutions for each issue, taking into consideration the authority and budgetary constraints faced by the Ministry. Focus group meetings were held for the stakeholders to discuss the alternative solutions that had been developed. A consensus was reached at each meeting regarding the alternatives.

Based on this information, the directorate and district staffs developed a final decision on the cleaning and maintenance program for the two canals. A seminar was held at the Arafa Hotel in Tanta on September 6, 2001 to inform stakeholders of the final decision. Each issue on each canal was identified with photographs and explanations, along with documentation of the concerns that had been expressed by stakeholders. The decision for each issue was described and explained.



Accomplishment

Indicator	Status	Justification
C.2.1	Accomplished	HE the Minister of Water Resources and Irrigation has approved a policy (via Ministerial Decree 432/2001) addressing mechanisms and procedures for interactive participation by stakeholders.
C.2.2	Accomplished	MWRI conducted a public participation activity.

Documents attached immediately following

1. Copy of Ministerial Decree 432/2001 dated October 17, 2001 (Arabic)
2. Translation in English of above policy

Other relevant documents

**Public Participation in Decision-Making.** Water Policy Program. Report No. 50. Main Document. International Resources Group, Winrock International, Nile Consultants. January, 2002.

## **Benchmark C.3: Environmental Management at MWRI**

### **Policy Benchmark:**

The GOE (MWRI) will approve a policy to improve environmental management of water resources in MWRI operations.

### **Verification Indicator(s):**

**C.3.1.** An approved MWRI policy that addresses procedures, mechanisms, and a plan to assure environmental concerns are addressed in MWRI activities, by requiring that environmental impact assessments be conducted for proposed new projects.

#### Method

**C.3.1.** The MVE Unit obtained a copy of the approved policy and reviewed it for relevance.

#### Analysis and findings

Even though MWRI has for some time accepted the principal of environmental screening of water resources development projects at the planning stage, it did not have a mechanism to fully consider the environmental impacts associated with its development projects and thus has not conducted environmental impact assessments on a regular basis. Some water resources development projects suffered from unanticipated negative environmental impacts. To minimize the possible negative impacts of future projects, an effective management tool was needed through which ancillary impacts on the environment might be included in the project planning process.

The main activities carried out by WPAU/EPIQ and MWRI as background to developing the requisite policy, included:

- Investigating EIA practices in MWRI to clarify their operating procedures, mechanisms and effectiveness
- Conducting a study tour to the US to learn EIA history and practices (July 15-30, 2001)
- Holding workshop for MWRI and stakeholders to discuss and revise the MWRI EIA Guidelines (October 17-19, 2001 in Ras Sudr)
- Preparing an EIA Sourcebook that tailors general EIA requirements to particular water activities undertaken by MWRI

The main objectives of the stakeholders' workshop were to:

- Exchange knowledge and experience regarding EIA for MWRI activities
- Seek consensus on the importance of public participation
- Present and discuss major contents of the MWRI EIA Sourcebook
- Recommend institutional procedures and mechanisms to support the EIA Process in MWRI, including a plan to implement such policy
- Discuss the relationship between MWRI and EEAA

During this workshop a draft EIA policy and timeline was presented before the joint steering committee. Key representatives from concerned GOE stakeholder groups attended this workshop, including those from MWRI, EEAA, NOPWASD, WPAU, EPIQ, and Chemonics Egypt. A plan and a timeline were developed for establishing an environmental unit and implementing the EIA process within the MWRI. The plan includes staffing, training and financing an environmental unit within the ministry and providing the physical resources necessary to accommodate this unit.

An EIA Sourcebook detailing the application of the EIA process in the context of the MWRI institutional framework was developed. The Sourcebook details the roles and responsibilities of the MWRI in the EIA process as both a developer of projects as well as a competent administrative authority. The guide presents the basis for preparing EIA studies and establishing environmental units within MWRI. It also recommends a method for grouping MWRI projects and provides lists of typical impacts associated with each of the project groups.

The new policy on addressing environmental concerns in MWRI activities was approved by HE the Minister of Water Resources and Irrigation in December, 2001.

#### Accomplishment

Indicator	Status	Justification
C.3.1.	Accomplished	The policy has been approved by HE the Minister of Water Resources and Irrigation.

#### Documents attached immediately following

1. Instructions signed by HE the Minister on December 9, 2001 (document apparently dated December 8) regarding environmental management policy (Arabic)
2. Translation of the above instructions in English

#### Other relevant documents

1. **Environmental Management at MWRI.** Water Policy Program. Report No. 51. Main Document. International Resources Group, Winrock International, Nile Consultants. January, 2002.

## **Benchmark C.4: Forests from Wastewater**

### **Policy Benchmark:**

The GOE (MALR) will develop a policy to encourage the commercial production of crops irrigated with wastewater, especially trees.

### **Verification Indicator(s):**

**C.4.1.** The GOE (MALR) will establish a policy stating which crops and crop varieties can be grown safely with treated wastewater. This will include fast and slow-growing tree species and all other eligible crops, including ornamentals. This information will be available in the office of the Under-Secretariat for Afforestation.

**C.4.2.** The GOE (MALR) will fund and carry out a research program and at least one pilot project to determine the agronomic, economic, and public health parameters of growing crops with treated wastewater in Egypt.

### Method

**C.4.1** The MVE Unit obtained a copy of the policy and reviewed it for relevance.

**C.4.2** Per the verification plan,

the research program envisioned is a study. The study will summarize the results of previous field research to understand the agronomic, economic, and public health parameters of growing trees and crops with treated wastewater in Egypt. The purpose of the study is to inform a revision of the pre-existing policy. For accomplishment of this indicator, this study must be complete in its technical aspects by the tranche deadline.

Given the short period of time available between the signing of the MOU and the deadline for accomplishment, initiation of a pilot program is what is deemed to be feasible, and this is what will be verified.

The Unit obtained a copy of the study and reviewed it for relevance. Staff of the Unit planned to visit the site of the pilot project, but because of the accelerated schedule for this report, this was not possible.

### Analysis and findings

**C.4.1** A policy was drafted in the Undersecretariat for Afforestation and the Environment and received HE the Minister's approval on December 9, 2001. The policy specifies those trees, flowers, and ornamental plants that can safely be grown with treated sewage water.

**C.4.2** The MVE Unit received a copy of the draft report from the RDI Unit. The required agronomic, economic, and public health parameters of growing trees and crops with treated wastewater in Egypt are discussed, and findings are presented. The draft findings of this report are:

*Studies conducted to date on wastewater irrigation of timber, oil, grain, and fiber crops in Egypt show satisfactory to excellent growth yields and positive economic returns.* Preliminary data also indicate that wastewater irrigation in the trial plots did not result in unsafe levels of contaminants in food or soils. Although data on the long-term human health and environmental impacts associated with wastewater irrigation in Egypt are not available, this practice is unlikely to result in unacceptable impacts, provided that current Egyptian guidelines are adequately enforced. Decree 16/1995 reflects international standards based on extensive scientific research.

*The dilemma is not identifying adequate standards, but ensuring adequate enforcement.* Inter-ministerial policy coordination is needed to send a clear message to farmers about what they can safely and legally grow. It is also needed to close the institutional gap that now exists between MWRI (water supplier) and farmers (water users), a gap that is best filled by MALR because it works with farmers on a regular basis to improve on-farm practices.

*Perhaps more important than enforcement of wastewater use guidelines is raising farmers' and consumers' awareness of food safety measures.* Given that water quality throughout Egypt is compromised by illegal discharges of domestic and industrial sewage into agricultural drains, focusing on the legal uses of treated wastewater does little to address the more pervasive and serious wastewater threat to human health.

*We are encouraged by steps currently being taken by the Government of Egypt to improve wastewater treatment and control water pollution.* In the meantime, it is urgent that farmers and consumers are educated on steps they can take to protect the health of their families, such as cooking or peeling all fruits and vegetables, practicing good hygiene, and seeking medical treatment in the event of pathogenic infections. (*Emphasis added*)

The required pilot program is under way at Saaf, in Beni Suef governorate. Greenhouses have been set up to begin planting of crops (on the list of acceptable crops) that will be grown with treated wastewater. It is expected that the area under the pilot program will be expanded from 500 to 16,000 feddans.

Accomplishment

Indicator	Status	Justification
C.4.1.	Accomplished	The new policy has been approved by HE the Minister of Agriculture and Land Reclamation.
C.4.2	Accomplished	A study has been completed in draft, and the pilot project is under way.

Documents attached immediately following

1. “Policy of the Undersecretariat for Afforestation and the Environment for Plants Irrigated with Treated Sewage Water”(Arabic)
2. Translation of the above policy in English
3. Memo from Dr. Hussein Soliman requesting approval of the above policy, signed by HE Minister Youssuf Wally (on December 9, 2001), with notation that “steps should be taken.”
4. Translation of the above memo in English

Other relevant documents

**Safe Use of Treated Wastewater on Crops in Egypt.** Lorene Flaming, Tawakul Younis Rizk, Seham Hendy, and Abbdel Azim Hammady. Agricultural Policy Reform Project, Reform Design and Implementation Unit draft study. December 2, 2001.

## **D. AGRICULTURAL SECTOR SUPPORT SERVICES**

### **Benchmark D.1: Cotton Marketing Rings**

#### **Policy Benchmark:**

Government will allow private sector cotton buyers and cooperatives to set up and operate marketing rings for the collection and purchase of seed cotton.

#### **Verification Indicator(s):**

**D.1.1.** The GOE will incorporate adequate provisions in the inter-ministerial decree organizing the optional marketing system for seed cotton for the season 2001/2002 to ensure:

- a) that private sector cotton traders and cooperatives can set up and register private marketing rings for the collection and purchase of seed cotton (in addition to the rings operated by PBDAC - the Principal Bank for Development and Credit);
- b) that CATGO (Cotton Arbitration and Testing General Organization) provides grading services to registered private sector marketing rings as needed;
- c) that seed cotton purchased through private marketing rings will be entitled to the same deficiency payments (price subsidies) as cotton purchased through rings set up and operated by PBDAC.
- d) that private rings will have access to private certified weighers on the same basis as PBDAC rings.

#### **Method**

D.1.1. The MVE Unit interpreted this indicator to mean that implementation of the policies to be included in the decree should be verified during the 2001/02 season, not simply the issuance of a decree. This interpretation is based on the longstanding efforts of the GOE to liberalize domestic cotton marketing and the serious approach to this effort that the GOE has been making. To verify that private rings are allowed to be set up and registered and then properly supported with grading services, deficiency payment procedures (if required), and weighers, staff of the Unit visited some of the rings and interviewed traders and others doing business there. In addition the Unit hired a team of consultants to carry out a survey designed by the Unit to verify whether the private rings received the same level of service as other rings. Because of the accelerated schedule of this report, it was not possible to draw on the full details of this survey for the current discussion, but it is hoped there will be sufficient time before finalization of the report to include these results. To date the questionnaires have been checked and most of the data have been computerized. The discussion that follows is based partly on the verbal reports of the researchers who carried out the survey and also on written reports provided by these researchers to Dr. Adel Mostafa.

The actions of private weighers are not directly under the control of the Government. Thus part d) of this indicator was interpreted to mean that the GOE will not put any restrictions on private rings' access to private weighers.



### Analysis and findings

In August 2001, the GOE issued its annual cotton marketing decree signed by four Ministers. It was exactly the same as the August 2000 decree, except for one sentence pertaining to carryover stocks. Nowhere does this decree explicitly authorize private sales rings or state that CATGO must serve private sales rings and public sales rings on an equal basis.

In recognition of this, Dr. Youssef Abdel Rahman, Chairman of PBDAC and Chairman of the Supervisory Committee for Cotton Marketing, issued instructions dated October 1, 2001 to all cotton marketing organizations. These highlighted and clarified certain paragraphs found in Articles 3 and 6 of the August decree to state the following:

- Private traders and cooperatives could set up private seed cotton buying rings or centers, which should be registered with the Supervisory Committee, the Domestic Cotton Trading Committee and CATGO
- CATGO would provide classing and grading services to these rings
- Buyers at private rings and cooperative collection centers would be eligible for any GOE deficiency payments
- Certified weighers will weigh all cotton presented to PBDAC or private rings

While this official acknowledgment that CATGO would serve the private rings came somewhat late, as traders began buying seed cotton in Upper Egypt in mid-August, CATGO had informed private traders and cooperative officials, beginning in August 2001, that it intended to serve PBDAC rings, cooperative collection centers, and privately-run sales rings on an equal basis. In fact, Eng. Sayed Erfan, Chairman of CATGO, had conveyed this message to private traders earlier, on May 8, 2001, at an APRP workshop held to discuss private sector views on seed cotton buying arrangements and deficiency payments.

Initially, any traders or cooperatives establishing private rings were required to apply for CATGO grading services by September 4, 2001. This requirement was relaxed, however, and the deadline was extended to early November, 2001, allowing all participants who had established private buying centers to apply for and receive CATGO services. CATGO's impartial and collaborative stance during the 2001/02 appears to have been exemplary and has been praised by many participants.

Preliminary findings from an MVE survey of 100 rings and collection centers indicate that all types of buyers were treated equally with respect to grading and weighing services. Weighing is done by registered weighers, who belong to an official and regulated association, and not managed by CATGO or the GOE. CATGO will not grade anyone's seed cotton without a weighing certificate provided by a registered weigher, but MVE has no evidence that this proved to be a problem during the 2001/02 marketing season. Weighing and grading were done in a timely manner in 2001/02, and no buyers or sellers complained about these services, or the service providers, during the marketing season. Both services were reportedly provided usually within one week or so of delivery of seed cotton to marketing rings or collection centers.

It is important to note that CATGO had hired and trained an additional 50 graders at its training center in Semouha, Alexandria for one year prior to the 2001/02 marketing season. These graders had completed

their training and had been placed in the field by the start of this marketing season, providing an adequate number of graders to cover the larger 2001 seed cotton crop.

It is not clear whether deficiency payments are going to be made this year. Since no payments have been made or promised to date, for accomplishment of the indicator what is required is that “seed cotton purchased through private marketing rings will be entitled to the same deficiency payments (price subsidies) as cotton purchased through rings set up and operated by PBDAC.” This is made clear by the instructions issued by Dr. Youssef Abdel Rahman.

HE Minister Youssuf Wally declared, during the summer 2001 cotton-growing season that farmers would receive the same prices for seed cotton in 2001/02 as they had received in 2000/01. Even though world prices for cotton lint slid to very low levels by spring 2001, the Egyptian pound continued to depreciate against the dollar (and other major currencies) during 2001. The early August 2001 devaluation to \$1=4.15 LE and subsequent drop in the value of the pound to \$1=4.25 for most of the seed cotton buying season allowed traders to offer prices for seed cotton in Egyptian pounds that were as high as the previous year without any need for deficiency payments. In fact, the gross margin between seed cotton prices, paid in LE per seed kantar, and lint cotton prices, paid in cents/lb., was high enough for ELS (Gizas 70 and 88) and LS (Gizas 85, 86 and 89) varieties that private exporters were able to offer substantial discounts (5-10 cents/lb.) below ALCOTEXA minimum export sales prices to international buyers and still make money. This allowed the private exporters to capture large early-season market shares (65% of export commitments through 24 November 2001), while public trading companies can not offer similar deep discounts to buyers.

The two Upper Egypt varieties, Gizas 80 and 83, may receive deficiency payments in 2001/02, as ALCOTEXA's minimum export prices of 76 cents/lb. for grade Good + C do not cover the seed cotton purchase price of LE 354-370/sk.<sup>1</sup> Some traders estimate that the negative gross margin was equal to LE -65/sk when compared to the export price (and taking processing and marketing costs into account). The magnitude of total deficiency payments on the 551,689 sk of Giza 80 and the 563,286 sk of Giza 83 delivered to the gins (as of November 22, 2001) would be quite large (LE 72.5 million) if the deficiency payment were LE 65/sk. The private sector share of that would be considerably lower, however, as the private sector bought only 25% of the Upper Egypt MLS cotton.

It is also important to note that relatively little Giza 80/83 is exported from Egypt. Export commitments as of November 24, 2001 were 3,110 mt, 7% of total commitments (of 44,192 mt) to that point. In 2000/01, Egyptian exporters were only able to ship 2,276 mt of Giza 80/83, while commitments were 4,605 mt (as of 15 September 2001; final 2000/01 season export data have not yet been released). Since most Giza 80/83 is destined for domestic spinning mills, particularly public sector spinners, the relevant price is the export price less fobbing costs of from 6-10 cents/lb. (depending on whether bales are UD pressed upcountry at gins or undergo farfarra in Alexandria). The GOE has not made deficiency payments to traders for seed cotton bought during the 2000/01 marketing season. Total payments might total about LE 65 million, of which an estimated 60% will be provided to buyers of Gizas 80/83.

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<sup>1</sup> Seed cotton prices are determined by grade and the ginning out-turn ratio. The price range noted for Gizas 80/83 assumes an initial seed cotton grade of Good + C and out-turn ratios varying between 115-120%.

Accomplishment

Indicator	Status	Justification
D.1.1	Accomplished	The joint ministerial decree and the instructions from the Chairman of the Supervisory Committee for Cotton Marketing together formally include the four items in the indicator. The MVE Unit's interviews and field survey results corroborate that the private sector could set up its rings and that they received the required grading and weighing services.

Documents attached immediately following

1. Joint ministerial decree 2051/2001 on the optional system for domestic cotton marketing (Arabic)
2. Translation in English of joint ministerial decree 1030/2000, which is exactly the same as 2051/2001, with the exception of one sentence in the latter regarding carryover stocks, which is not relevant to this benchmark.
3. Letter of instruction dated October 1, 2001 from Dr. Youssef Abdel Rahman to all cotton marketing organizations detailing the conditions of implementation of the above decree (Arabic)
4. Translation in English of above letter

Other relevant documents

None

## **Benchmark D.2: High Volume Instrument (HVI) Testing of Cotton**

### **Policy Benchmark:**

The GOE will authorize and equip CATGO (Cotton Arbitration and Testing General Organization) to sample and test every cotton bale coming out of private and public gins, and to disseminate fiber test information through a web-site or other public media on a weekly basis.

### **Verification Indicator(s):**

**D.2.1.** The GOE (MSHT) will authorize CATGO to expand its ability to carry out HVI testing on cotton bales destined for export.

**D.2.2** CATGO will make publicly available weekly its summaries of the previous weeks' HVI test results of export bales on a web-site or other public media during the 2001-2002 season. This will begin no later than three weeks after the opening of the marketing season.

### **Method**

**D.2.1** The MVE checked to see that CATGO took the following specific steps: 1) purchase of additional HVI equipment 2) improvement in facilities for this equipment, 3) installation of this equipment, and 4) training of CATGO staff in the use of this equipment. A letter of authorization was obtained by the Unit, and the Unit verified the other steps by visiting the site of the new equipment in Alexandria. Drs. Adel Mostafa and John Holtzman visited CATGO's Spinning and Fibre Testing Sector on November 12, 2001.

**D.2.2** The Unit obtained copies of CATGO's reports and accessed the new website several times to verify the scope and timeliness of the data available. Drs. Adel Mostafa and John Holtzman visited the CATGO Information Center on November 12, 2001.

### **Analysis and findings**

**D.2.1** During the summer of 2001, CATGO purchased a second HVI testing machine for its Semouha (Alexandria) testing site. The site was already new and in excellent condition, so it required no further improvements to house the new machine. After about two months of installation, adjustments by technicians sent by the Swiss manufacturer, pilot tests, and training, this second machine became operational on September 23, 2001. This doubled the HVI testing capacity of CATGO in Alexandria, and during this 20001/02 marketing season CATGO has been publishing weekly summary statistics by variety in one of its bulletins, disseminated now to over 80 recipients.

The new HVI machine is an Ulster HVI Spectrum that can test two samples simultaneously. The first HVI machine is a Spinlab HVI 900, which does one test at a time but can process an equal number of samples per hour, about 40. The old machine tests for 7 properties; the new machine tests for 10, with the three additional ones being moisture content, maturity and % short fibre. The second machine corrects for the ambient moisture at the time of test. The first machine requires an operator to prepare a sample manually. The second does it automatically.

Date of ginning and date of testing are recorded with the 7-10 characteristics and put on a diskette. This is manually transferred to the Information Center in an adjacent building and then prepared for tabulation. Approximately 14,000 tests have been done so far this season. Some 35,000 to 40,000 tests of lot samples will be done over the course of the season. Sample testing started on September 1, 2001 for the 2001 crop.

Drs. Adel Mostafa and John Holtzman were shown three different certificates reporting test results, given to clients. A yellow certificate represents a sample drawn from a lot by CATGO graders. A red certificate represents a sample supplied by the trading company itself. A blue certificate is done for those clients who ask for separate tests, rather than HVI, of major spinning attributes.

HVI testing is done expeditiously and carried out for 10 hours per day during the ginning season. The tests are done generally within 48 hours of the arrival of lot samples from the gins. The samples are small; a minimum of 185 grams of lint are required. Lot size varies between 18 and 30 bales. The samples are divided into a minimum of two sub-samples for testing.

CATGO's Spinning and Fibre Testing Sector is doing a good job performing the HVI tests promptly, issuing certificates to clients, and downloading the data on test results to diskettes.

CATGO hopes to purchase still more HVI equipment to further increase its capacity to test cotton lint and make such results available to the trade. To this end, it obtained a letter of authorization from HE the Minister of Supply and Home Trade.

**D.2.2** CATGO has two weekly printed publications:

- *Weekly Report on the Activities of CATGO*
- *Weekly Report on the International Cotton Market Developments*

In the first weekly bulletin, there is a page of information (in Arabic) about the number of HVI tests performed by variety. In the second weekly bulletin, there is a table (in English) from the Spinning and Fiber Sector that shows HVI test results on the physical properties of Egyptian cotton varieties from the beginning of the season to the date of publication. These results are a summary of the characteristics for each variety. CATGO began to publish these results regularly as of the 2000/2001 season, when this benchmark was under discussion. During the 1997/98 season, some data appear to have been released on HVI test results, with unknown distribution.

The table specifies the point in the season up to which test results are reported. The test results are being published within one week of the last HVI tests. Both weekly publications are circulated to some 80 recipients. While the Information Center director will add names to the list of recipients upon request, the bulletin's circulation includes public sector trading and ginning companies and ALCOTEXA members. Many other recipients are public officials, holding company managers, journalists, and researchers.

Broader circulation is limited by cost considerations. The CATGO publications are produced in multiple colors. Each CATGO publication is printed out on high speed color printers; there is no photocopying

of pages, whether in black and white or color. Hence, each page has to be printed some 80 times before it can be collated into an individual bulletin. Not only is this a time-consuming process, but it is costly. CATGO estimated last year's report production and distribution costs at LE 550,000. Moving to a black and white report format could greatly reduce production and distribution costs. Rather than printing out each page individually, a master copy could be printed for photocopying. This would be quicker and cheaper, allowing for broader dissemination.

Ultimately, most, if not all, of the information in the CATGO bulletins is likely to be put on the website, speeding dissemination to users, eliminating mailing costs and shifting printing costs to the user. While most small- and medium-size cotton traders in Egypt do not have computers or easy access to websites, this will come over time (and there are more and more "internet cafes" in towns in Egypt). To resolve this problem of computer/web access in the near term, CATGO could make multiple black and white copies and disseminate them to regional offices, where they could be picked up by smaller traders. Large traders would not receive hard copies and would be expected to go to the website for information.

The HVI test results portion of CATGO's website is under development with support from APRP. It currently has many details of the results by lot, with comparisons to all lots for that week. There are a number of issues including who owns the information about the characteristics of privately owned cotton and how this proprietary information should be treated that need to be resolved before this website should be put on line.

#### Accomplishment

Indicator	Status	Justification
D.2.1	Accomplished	CATGO purchased additional HVI machinery. A new machine was installed and is operational. Staff were trained to support the use of new machine. Facility improvements were not necessary. The MVE Unit has a copy of an authorization letter.
D.2.2	Accomplished	Summaries of results of previous weeks' HVI test results are now published in CATGO's weekly bulletin.

#### Documents attached immediately following

1. Copy of test results page from CATGO weekly bulletins
2. Letter requesting approval of the CATGO plan of expansion from Dr. Hussein Soliman to HE Dr. Hassan Khedr, signed by the Minister on December 10, 2001, with the notation, "approved" (Arabic)
3. Translation of above letter in English

#### Other relevant documents

None

## **Benchmark D.3: Competitive Advantage and Demand Creation**

### **Policy Benchmark:**

The GOE (MEFT/MALR/MPE/MOI) will adopt a policy to support private sector efforts to generate demand for Egyptian products abroad and will assign resources to assist these efforts.

### **Verification Indicator(s):**

**D.3.1.** The GOE(MEFT) will support ALCOTEXA (Alexandria Cotton Exporters Association)'s efforts to launch and manage a unified cotton logo program by providing financial and technical support for promotion and advertising.

#### *Method*

**D.3.1.** The MVE Unit obtained physical evidence that the GOE provided financial assistance to ALCOTEXA for implementing the cotton logo program. The Unit also verified that the GOE, through its projects, provided technical assistance as well.

#### *Analysis and findings*

The evidence of financial assistance obtained by the MVE Unit consists of receipts and other documents showing that an Egyptian law firm paid the worldwide registration fees for the Egyptian cotton logo, and that this firm was reimbursed by the GOE for these expenses.

Technical assistance in the development and deployment of the logo was provided by senior staff of the MEFT and by Mr. Jeff Silberman, consultant to the RDI Unit and CSPP.

The RDI Unit of APRP and CSPP worked with ALCOTEXA and the MEFT to identify the private agency which will manage the logo, to design and get accepted an attractive logo which all parties have approved, to design and activate a website for the logo via ALCOTEXA, and to register the logo in Egypt. The registration process is complete in the USA and for the member countries of the Madrid Convention.

The MEFT and ALCOTEXA received many requests to use the logo and a licensing agreement has been finalized. The Egyptian owners of the logo have agreed with West-Point Stevens, the largest US manufacturer of cotton-based home furnishings, to use and publicise the logo via trade advertisements. Staff of the MVE Unit have seen the logo featured in attractive ads taken out in textile industry publications.

The MEFT also helped fund a consumer-oriented publicity program for the logo to help generate demand for exports from Egypt of cotton and cotton products made with Egyptian cotton. The MVE Unit has a copy of the brochure that was prepared and distributed under this program.

Accomplishment

Indicator	Status	Justification
D.3.1	Accomplished	The GOE provided both financial and technical assistance in the development of the cotton logo.

Documents attached immediately following

1. Request dated 12/3/2001 by MEFT for payment by OUDA (Ministry of Foreign Affairs) of the amount of \$35,096 for worldwide logo registration fees to Shalakany Law Office (English)
2. Copy of check dated March 13, 2001 in the amount of \$35,096 in favor of Shalakany Law Office (English)
3. Copy of memo dated May 9, 2001 from Ms. Mona Zobaa and Rama El Sayed of MEFT to HE Dr. Youssef Boutros Ghali, Minister of Economy and Foreign Trade, requesting payment of the rest of the registration fees in the US, amounting to \$4,145, with the Minister's approval to pay (Arabic)
4. Copy of Egyptian cotton logo brochure

Other relevant documents

None



## **Benchmark D.4: Transparency in Trade Data and Trade Agreements**

### **Policy Benchmark:**

The GOE (MEFT) will establish a policy to publish Egypt's trade agreements and disseminate monthly bulletins of disaggregated, product-by-product trade data.

### **Verification Indicator(s):**

**D.4.1.** A policy statement from the MEFT requiring the publication of foreign agricultural trade agreements and amendments in Arabic and English.

**D.4.2.** A policy statement from the MEFT requiring the issuance of monthly bulletins with disaggregated, product-by-product bilateral and multilateral agricultural trade statistics.

**D.4.3.** Evidence that the agricultural trade agreements and monthly statistical bulletins are published by internet and on paper and are available to all who request them.

### *Method*

**D.4.1.** The MVE Unit obtained a copy of the approved policy statement and reviewed it for relevance.

**D.4.2.** The MVE Unit obtained a copy of the approved policy statement and reviewed it for relevance.

**D.4.3.** The MVE Unit accessed the ministry's website to verify whether agricultural trade agreements are visible there. The Unit also obtained hard copies of a summary of the Arab free trade agreement that the Ministry prepared and of the agricultural trade statistical format **with data?** developed by MEFT to publish trade data in their monthly statistical bulletin and on the internet.

### *Analysis and findings*

**D.4.1. & D.4.2.** The required policies were developed by the Office of the Minister and have been approved by HE the Minister of Foreign Trade.

**D.4.3.** Staff of the Office of the Minister have developed the required data formats and the required data have been collected. The trade data formats contain disaggregated, product-by-product agricultural trade statistics. The trade data are being published in hard copy starting with the upcoming issue of the monthly statistical bulletin of the Ministry, which will be issued before the end of December, 2001, and on the internet at the same time. A summary of the Arab free trade agreement was prepared by the Ministry and it intends to post it on its website as soon as possible. Full trade agreements are extremely long. The Ministry intends to summarize and post the EU and COMESA agreements as well.

HE the Minister personally conceived this benchmark; thus His Excellency and his key staff are highly committed to the implementation of this indicator. Publication of the required data in monthly statistical bulletins in the new format and publication of the data and agreements on the Ministry website are expected imminently.

Accomplishment

Indicator	Status	Justification
D.4.1	Accomplished	The policy has been approved by HE the Minister of Foreign Trade.
D.4.2	Accomplished	The policy has been approved by HE the Minister of Foreign Trade.
D.4.3	Accomplished	The format for the required statistics has been developed and the data have been gathered; one trade agreement summary has been completed, and the others will be prepared; all of the required information will be published before December 31, 2001.

Documents attached immediately following

1. Copy of memo (policy statement) dated October 13, 2001 from Ms. Sahar Mounir and Mr. Wael Lotfi approved by HE Dr. Youssef Boutros Ghali requiring the publication of foreign agricultural trade agreements and amendments in Arabic and English and requiring the issuance of monthly bulletins with disaggregated, product-by-product bilateral and multilateral agricultural trade statistics (Arabic)
2. Translation of above statement in English
3. Copies of pages to appear in monthly statistical bulletin and on the internet showing disaggregated, product-by-product bilateral and multilateral agricultural trade statistics (Arabic and English)

Other relevant documents

None

## **Benchmark D.5: Management Autonomy for Cooperatives**

### **Policy Benchmark:**

The MALR will ensure the management autonomy of Multipurpose Credit and Specialized Cooperatives.

### **Verification Indicator(s):**

**D.5.1.** The MALR will conduct a pilot program in which multi-purpose cooperatives will choose their own Board of Directors without nominations from the MALR and the GOE will withdraw government funded resident technical specialists from MALR. The pilot program will include two cooperatives in each of two governorates.

#### Method

**D.5.1.** The MVE Unit followed the implementation of the pilot program through interviews with key persons.

#### Analysis and findings

The RDI team has worked with MALR, the Central Administration for Cooperatives, and local cooperatives to promote the evolution of farmers' associations into private, profit-oriented organizations serving the needs of the farmers. Together they got the approval of HE Dr. Wally to implement a pilot program and selected two governorates SDaqahleya and Assiut. And two cooperatives were chosen in each governorate. The same parties held a workshop on November 26, 2001 and agreed to the following:

- Cooperative managers and all other professional or technical expertise that are currently provided by the government will be withdrawn from the cooperatives. Cooperative leaders will have the option of hiring a new manager, keeping the old manager and paying for him from the cooperative budget, or working without a professional manager.
- Free and fair elections will be held very soon in the pilot cooperatives for the boards of directors. In this meeting all stakeholders agreed that these elections will be conducted independently, and that the MALR will not appoint any individuals to the board of any cooperative, either or after the elections.

These steps constitute accomplishment of the indicator. What follows is further evidence, showing that the accomplishment exceeds that required by the indicator.

During a workshop in June, 2001, the special committee for promoting agricultural cooperatives succeeded in formulating a new vision for the period 2002-2017, which has been stated as follows:

The agricultural cooperative society is an economic enterprise with a social return, based on optional membership and international cooperative principles, working in a market economy, representing the interest of its members, within a legal framework which protects its capital, and enables the cooperatives to manage its financial resources as

private enterprise, and which participates in the formulation and implementation of the agricultural policy.

The draft strategy for promoting agricultural cooperatives was discussed and approved by the committee in its meeting on November 10-11, 2001. According to the strategy, the ultimate goal of cooperatives is to provide services to its members at reasonable prices, of the best quality and at the appropriate time. This includes availability of production inputs, marketing and exports, increasing and modernizing production, and rural and environmental development. The strategy covers the following major, strategic dimensions for the development of agricultural cooperatives:

- Democratic structure and autonomy
  - Developing the management structure of the cooperatives
  - Increasing administrative efficiency
- Improving and stabilizing capital resources and financial management
- Developing the organizational structure of the cooperative system
- Human resources development
  - Preparing a new generation of cooperative members
  - Spreading awareness of cooperatives among members of the general assembly, especially with respect to their rights and responsibilities.
- Legal and regulatory environment
  - The government provides an adequate legal and regulatory environment to ensure the autonomy of cooperatives and full freedom for members and cooperative boards in managing their cooperatives in their own responsibility.
  - The first step is to fulfill what can be done under the present law
  - The second step is to review and amend some articles of Law 122, which are contradictory to democratic management and autonomy of the cooperatives, in order to make them consistent with the conditions for a market economy.

On November 13, 2001 Eng. Mohamed Omar Raslan, Chief, Monitoring and Agricultural Services Sector, Undersecretariat for Cooperatives, sent a memo to HE Minister Wally requesting approval of the new cooperative strategy. HE the Minister gave his approval and noted on the memo that implementation steps should be taken.

#### Accomplishment

Indicator	Status	Justification
D.5.1	Exceeded full accomplishment	HE Minister Wally has approved an entire new strategy, in addition to MALR's initiation of this concept in pilot areas.

Documents attached immediately following

1. Copy of agreement among relevant cooperative officers and GOE officials to the conditions of the indicator (Arabic)
2. Translation of the above agreement in English
3. Copy of “Strategy for the Development of Agricultural Cooperatives (2002-2017)” (English)
4. Copy of memo dated November 13, 2001 from Eng. Mohamed Omar Raslan, Chief, Monitoring and Agricultural Services Sector, Undersecretariat for Cooperatives, to HE Minister Wally requesting approval of the new cooperative strategy, with the Minister’s approval and a notation to go ahead with implementation (Arabic)
5. Translation of the above approval memo in English

Other relevant documents

None

## **Benchmark D.6: Public-Private Partnership to Promote Exports**

### **Policy Benchmark:**

The GOE (MEFT) will direct funds to private associations to help finance activities related to the development of Egypt's competitiveness in exports

### **Verification Indicator(s):**

**D.6.1.** Ministerial decree committing funding to the ACC and other Commodity Councils for export promotion.

#### Method

**D.6.1.** The MVE Unit obtained a copy of the decree and reviewed it for relevance.

#### Analysis and findings

Article one of Ministerial Decree 910/2001, dated December 6, 2001, commits the Foreign Trade Sector (FTS) of MFT to providing funds to the Commodity Councils for the purpose of export promotion.

#### Accomplishment

<b>Indicator</b>	<b>Status</b>	<b>Justification</b>
D.6.1	Accomplished	The decree has been approved by HE the Minister of Foreign Trade.

#### Documents attached immediately following

1. Copy of Ministerial Decree 910/2001 dated December 6, 2001 from MEFT (Arabic)
2. Translation of above decree in English

#### Other relevant documents

None

## **Benchmark D.7: Egypt E-Trade**

### **Policy Benchmark:**

The GOE will allow cotton and yarn producers, manufacturers, exporters, and traders to use an internet-based facility to sell their products for export at competitive prices obtained through open and transparent international bidding.

### **Verification Indicator(s):**

**D.7.1.** The GOE allows, in writing, the use of an internet-based, online marketing facility for the sale for export of cotton lint and yarn.

**D.7.2.** Private and public sector exporters in Egypt are aware of the authorization for on-line marketing of Egyptian cotton lint and yarn.

### **Method**

**D.7.1.** The MVE Unit obtained copies of letters dated December 5, 2001 from HE Dr. Youssef Boutros Ghali, Minister of Foreign Trade, to the Chairman of ALCOTEXA and the Chairman of the TCF. In the letters the Minister states that he “believe(s) that [these organizations] must continually develop [their] website[s] to include all the relevant information on cotton varieties, available quantities, terms of sale and declared prices. This will certainly ensure full transparency for all buyers of Egyptian cotton and facilitate online transactions.”

**D.7.2.** The Unit interviewed a sample of cotton lint and yarn exporters to determine if they aware of the new authorization.

### **Analysis and findings**

**D.7.1** Staff of the Office of the Minister drafted the required letters to the Charimen of ALCOTEXA and TCF, which were signed by HE the Minister of Foreign Trade. They refer to ALCOTEXA’s and TCF’s setting up websites to facilitate online trading of cotton lint and yarn.

**D.7.2** Through interviews with a large number of cotton lint and yarn exporters, Dr. Adel Mostafa of the MVE Unit found that they were all aware of the Minister’s belief about using online trading to export cotton from Egypt.

Among those lint exporters interviewed were: Mr. Amin Abaza, Chairman of Modern Nile Cotton Export Co. and Chairman of ALCOTEXA, Miss Wessam El Abd, Director of ALCOTEXA, Eng. Ezz El Dabah, Cotton Exporter, Mr. Mostafa El Attar, Cotton Exporter, Mr. Ahmed Baraghet, Cotton Exporter, Mr. Nabil El Sentricy, Cotton Broker, Dr. Wagdy Hendi, Chairman of Port Said Public Exporter of Cotton, and Mr. Said Hagag, Chairman of ALCOTAN Cotton Export Co.

Among those yarn exporters interviewed were: Miss Hend El Kwedy, Director of TCF, Eng. Refaat Helal, Chairman of Alexandria Spinning Co., Mr. Moh'd Hegazy, General Manager of UNIRAB & Bulivara,

Mr. Moh'd Elhamy, Technical Director of Amerya, Mr. Abdel Hakim Hagag's Secretary of Misr Iran Spinning and Weaving, and Dr. Ahmed Mostafa, Senior Advisor of the Holding Co. of Spinning, Weaving, and Ready-Mades.

Each of these exporters affirmed that s/he had received a copy of the new policy.

Accomplishment

Indicator	Status	Justification
D.7.1	Accomplished	The letters to ALCOTEXA and TCF were signed by HE the Minister of Foreign Trade.
D.7.2	Accomplished	Cotton lint and yarn exporters are aware of the new policy.

Documents attached immediately following

1. Copy of letter dated December 5, 2001 from HE Dr. Youssef Botros Ghaly to the Chairman of ALCOTEXA on setting up a website to facilitate online trading of cotton lint (Arabic)
2. Translation of the above letter in English
3. Copy of letter dated December 5, 2001 from HE Dr. Youssef Botros Ghaly to the Chairman of TCF on setting up a website to facilitate online trading of cotton yarn (Arabic)
4. Translation of the above letter in English

Other relevant documents

None



## **Benchmark D.8: Vegetable Seed Variety “Screening”**

### **Policy Benchmark:**

The GOE will permit the import of sample vegetable seeds for multi-location trials under farmers’ conditions.

### **Verification Indicator(s):**

**D.8.1.** An official policy statement that permits hybrid vegetable variety screening by seed companies by permitting the import of sample seeds for multi-location trials under farmers’ conditions.

**D.8.2.** Confirmation that private seed company representatives are aware of the policy change to allow the import of sample seeds for screening purposes.

### Method

**D.8.1.** The MVE Unit obtained a copy of the policy statement and reviewed it for relevance. The approval is contained in a memo from Drs. Hussein Soliman, Assem Shaltout, and Ibrahim Sheta to HE Dr. Youssuf Wally, which was signed by HE the Minister on December 9, 2001, with the notation “steps to be taken.”

**D.8.2.** The Unit interviewed a sample of private seed company representatives to determine if they were aware of the new permission.

### Analysis and findings

**D.8.1** The new policy was designed by MALR with assistance from the RDI Unit. It was approved by HE the Minister on December 9, 2001. Consultations and deliberations included the seed companies, their agents, and their association, ESAS; Dr. Assem Shaltout, Director, Horticultural Research Institute and others.

**D.8.2.** In telephone calls with ESAS, Dr. Adel Mostafa of the MVE Unit verified that private seed company representatives are aware of the policy change. Those interviewed included Dr. Adel Ahmed, Mr. Sherif El Kerdany, and Dr. Samir El Nagar, a major seed trader. They mentioned that they are now permitted to import samples of seeds for multi-location trials under farmers’ conditions.

### Accomplishment

<b>Indicator</b>	<b>Status</b>	<b>Justification</b>
D.8.1	Accomplished	The policy has been approved by HE the Minister of Agriculture and Land Reclamation.
D.8.2	Accomplished	Private seed company representatives are aware of the policy change.

Documents attached immediately following

1. Memo (policy statement) from Drs. Hussein Soliman, Assem Shaltout, and Ibrahim Sheta to HE the Minister requesting approval for hybrid vegetable variety screening by seed companies by permitting the import of sample seeds for multi-location trials under farmers' conditions, which is signed by HE the Minister (on December 9, 2001), with the notation "steps to be taken."
2. Translation of the above memo in English

Other relevant documents

None

## **Benchmark D.9: Technology Commercialization in Agriculture**

### **Policy Benchmark:**

The GOE will issue and begin implementation of an Intellectual Property and Technology Commercialization Policy for the Agricultural Research Center (ARC).

### **Verification Indicator(s):**

**D.9.1.** A ministerial decree establishing an intellectual property and technology commercialization policy for the ARC. The adopted policy will assign a portion of license revenues to each innovator.

**D.9.2.** Establishment of an office within the ARC to implement the policy.

**D.9.3.** Publication and dissemination of the new policy to ARC staff and potential private sector partners in technology research and marketing.

### **Method**

**D.9.1.** The MVE Unit obtained a copy of the decree and reviewed it for relevance.

**D.9.2.** Dr. Gary Ender of the MVE Unit visited the new office.

**D.9.3.** The Unit verified through interviews with ARC staff and potential private sector partners in technology research and marketing that they are familiar with the new policy.

### **Analysis and findings**

**D.9.1** The new ministerial decree refers to the draft intellectual property and technology commercialization policy already developed by the ARC. The decree establishes an office to carry out this policy, including development of its implementing regulations. To ensure that the policy is executed in a manner consistent with a law pending before the People's Assembly, the decree mandates that the new office should establish the regulations within 60 days after the law is enacted. By signing this decree, HE the Minister has established the new policy for the ARC.

**D.9.2.** The Unit found evidence of establishment of the office. Staff and rooms have been designated, and Dr. Gary Ender of the MVE Unit visited the new office.

**D.9.3.** As part of a program to make ARC staff aware of the new policy, a three-day training on IPR was funded by DT2. The agenda of the meeting was designed based on consultations with the RDI Unit and Dr. Eid Megeed of the ARC. The training was very well attended by the 15 deputy directors of the ARC Institutes, and professionally executed. Topics covered included:

- Principles of management and negotiations
- Intellectual property

- Management of intellectual property
- National Mechanisms for Protection IPR (laws and legislation)
- Technology transfer and IP commercialization
- Institution development for technology commercialization
- The role of IPTCO at the ARC
- Scientific finding and the disclosure of new intellectual properties
- Various exercises, e.g., completing an intellectual property disclosure form and a profit sharing arrangement agreement.

The participants left the workshop with a better understanding of the role of the new Intellectual Property and Technology Commercialization policy of the ARC. They are eager to begin its implementation.

Dr. Adel Mostafa of the MVE Unit called Mr. Samir of Danton Co., Dr. Waleed Diab of PICO Co., Mr. Salah Abdel Fatah of Bio-Grow, and Abd Rabo Ismail of Nile Seeds Co. They mentioned that they are aware of the new policy, and that they participated in discussions concerning the development of this policy. Dr. Mohamed Eid A. Magid of ARC, who worked with Mr. Lawrence Kent of the RDI Unit in developing the new policy, also mentioned that he has discussed the new policy with private sector representatives involved in this business and they are aware of the new policy.

#### Accomplishment

Indicator	Status	Justification
D.9.1	Accomplished	A ministerial decree establishing the new policy and a new office has been approved by HE the Minister of Agriculture and Land Reclamation.
D.9.2	Accomplished	The new office is established.
D.9.3	Accomplished	Staff have been trained on the new policy, and private sector partners are also aware of it.

#### Documents attached immediately following

1. Copy of Ministerial Decree 3075/2001 signed on December 9, 2001, establishing the new intellectual property and technology commercialization policy and a new office to manage it (Arabic)
2. Translation of the above decree in English
3. Memo dated December 2, 2000 from Dr. Saad Nassar, Director of the ARC, forwarding policy of the ARC and mentioning those senior ARC officials who approved it (Arabic)
4. IPR training program schedules and lists of attendees (English)

#### Other relevant documents

1. **Intellectual Property and Technology Commercialization Office (PPTCO): Operations Manual.** Eid M. A. Megeed and Fred Erbsch, with Mohamed Hossam Loutfi and Lawrence Kent. RDI Unit Report No. 148. DAI. November, 2001.
2. ARC policy on intellectual property and technology commercialization (Arabic)

3. Translation of above policy in English (slightly earlier version)

## Benchmark D.10: Transparency in Decision-Making

### Policy Benchmark:

The GOE (MEFT) will issue a decree that requires the discussion of foreign trade draft regulations with stakeholders before the issuance of the regulation.

### Verification Indicator(s):

**D.10.1.** A ministerial decree requiring that, before issuance of new regulations, a public meeting be held for discussion of any draft regulation affecting exports and export business. Following the public meeting, exporters will have a one-week period for written comment.

**D.10.2.** Evidence that the procedures established in the decree have been implemented (e.g., public meetings, public comments).

### Method

**D.10.1.** The MVE Unit obtained a copy of the decree and reviewed it for relevance.

**D.10.2.** The MVE Unit learned of a meeting that was held on December 12, 2001 to discuss draft regulations affecting exports or export business. This meeting was called by the ACC under the provisions of the new decree.

### Analysis and findings

**D.10.1** Article two of Ministerial Decree 910/2001, dated December 6, 2001, requires discussion in a public meeting of any draft regulation affecting exports and export business before issuance of new regulations. The decree requires the FTS to present any such draft regulations to the Commodity Councils. The Councils are then responsible to hold public meetings for exporters. Written opinions should be given within one week. The head of FTS then reports these opinions to the Minister.

**D.10.2** At a meeting on December 12, 2001, called by the ACC, there was discussion of proposed reforms to the duty drawback and tax rebate regulations. In the previous meeting, HE the Minister made it known that he was preparing a decree to remedy outstanding problems with the duty drawback system and that he would provide a draft of this decree for discussion, comment, and feedback by the stakeholders. Participants in the meeting on December 12 discussed the draft decree and comments were to be provided to the Ministry.

### Accomplishment

Indicator	Status	Justification
D.10.1	Accomplished	The decree has been approved by HE the Minister of Foreign Trade.

D.10.2	Accomplished	The ACC held a meeting under the new procedures.
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Documents attached immediately following

1. Copy of Ministerial Decree 910/2001, dated December 6, 2001, requiring discussion in a public meeting of any draft regulation affecting exports and export business before issuance of new regulations (Arabic)
2. Translation of the above decree in English

Other relevant documents

None

## **Benchmark D.11: Increasing Fish Exports**

### **Policy Benchmark:**

The GOE (MEFT and MALR) will establish internationally acceptable sanitary and phyto-sanitary and quality standard regulations for Egyptian exports.

### **Verification Indicator(s):**

**D.11.1.** The GOE (MEFT & MALR) will issue a decree establishing SPS and quality/labeling standards for Egyptian fish and shellfish exports.

**D.11.2.** The GOE (MEFT & MALR) will present these regulations to the EU and request their agreement to accept imports of fish and shellfish from Egypt.

### **Method**

**D.11.1.** The MVE Unit obtained copies of the joint (MALR/MEFT) Ministerial Decrees 1762 and 1763/2000 and 1908 and 1909/2001 and reviewed them for relevance.

**D.11.2.** The Unit obtained a copy of the letter forwarding the new standards to the EU with a request for the EU's agreement to accept imports of fish and shellfish from Egypt.

### **Analysis and findings**

**D.11.1** The GOE established new SPS and quality/labeling standards for Egyptian fish and shellfish exports. This was done in two phases. Certain standards were established under the earlier decrees, 1762 and 1763/2000. These standards were further reviewed by the GOE and APRP consultant(s) and the resulting revisions were incorporated into decrees 1908 and 1909/2001, which were signed on July 9, 2001.

**D.11.2** In order to send the new regulations to the EU, they had to be translated from Arabic into an EU language. The translations were completed on December 4, 2001. On December 10, 2001, Dr. Fadia Noseir, Supervisor of Foreign Agricultural Relations in MALR, signed and sent a letter to the EU, forwarding the new regulations and with a request for agreement that the EU accept imports of fish and shellfish from Egypt. This letter was to be delivered to the EU representative, Zamalek, Cairo.



Accomplishment

Indicator	Status	Justification
D.11.1	Accomplished	MALR and MEFT issued joint decrees establishing SPS and quality/labeling standards for Egyptian fish and shellfish exports.
D.11.2	Accomplished	The GOE sent its standards to the EU with a request for agreement to accept imports of fish and shellfish from Egypt.

Documents attached immediately following

1. Letter dated December 10, 2001 from Dr. Fadia Noseir, Supervisor of Foreign Agricultural Relations in MALR, to the EU, forwarding the new regulations and requesting agreement to accept fish imports (English)

NB: The MVE Unit has copies of the relevant decrees, but they are too lengthy to be attached here.

Other relevant documents

1. Copy of joint Ministerial Decree 1908/2001 dated July 9, 2001 concerning the regulations and procedures related to mollusk exports to the European Union countries (Arabic)
2. Translation of the above decree in English
3. Copy of joint Ministerial Decree 1908/2001 dated July 9, 2001 concerning the regulations and procedures related to fish and marine product exports to the European Union countries (Arabic)
4. Translation of the above decree in English

## **Benchmark D.12: Agricultural Labor**

### **Policy Benchmark:**

The Government of Egypt's Ministry of Agriculture and Land Reclamation (MALR) will publicly announce that the decree of 1965, which required at least one child per farm family to work in leaf worm control in cotton, has been rescinded and that any articles in other existing decrees requiring child labor in agriculture are null and void.

### **Verification Indicator(s):**

**D.12.1.** The Government of Egypt's Ministry of Agriculture and Land Reclamation (MALR) will develop and implement a public awareness and education program that will disseminate through newspapers, radio and television, information on the policy change, including information on child labor protections in the agricultural sector.

#### Method

**D.12.1.** The MVE Unit obtained a copy of the decree that rescinded the previous decree and reviewed it. The Unit collected newspaper articles and listened to radio and television programs (via videotape) featuring the Ministry's information on the policy change, including information on child labor protections in the agricultural sector.

#### Analysis and findings

On April 12, 2001 HE Dr. Youssuf Wally, Deputy Prime Minister and Minister of Agriculture and Land Reclamation, issued Ministerial Decree 1459. The decree forbids the hiring in plant protection of children whose ages are below the age limit set by Law 13/1996.

The decree includes an introduction referring to different agricultural laws and to the report of the Human Rights Watch Organization (HRW). The decree also includes an article generalizing the execution of the decree to all departments of the Ministry of Agriculture and cooperatives, and canceling all contradicting regulations.

The Government of Egypt, through its officials, has mounted a public awareness campaign on this topic. HE Dr. Wally spoke about this issue on TV channel 1 in front of People's Assembly members. Several newspapers, including Al Akhbar and El Wafd reported the new policy of the Government.

Other interviews on the channel 1 program, "Good Morning, Egypt" in August, 2001, included those with the Deputy Minister of Agriculture in Beheira Governorate, who explained the new trends of the Ministry of using biological pest controls and genetic engineering research results instead of using manual labor in cotton pest control. These interviews showed the importance of abolishing child labor in cotton and other agricultural activities for reasons related to both child health and the negative effects on exports.

Other interviews were broadcast with agricultural laborers and with managers and representatives of cooperatives. Yet another was with the Director of Agricultural Extension in Beheira. All these discussions

stressed the danger of using child labor in agriculture and the importance of implementing the ministerial decree abolishing child labor in Egypt.

A workshop was shown as part of this series of programs that included a number of farmer leaders discussing the same issue. This program included an interview with one of the officials of the ginning industry, who mentioned that in many activities like feeding the stands in the gins, this can be done automatically instead of using child labor. There was also an interview with Eng. Reda Ismail, the head of the Extension Sector/MALR, giving some of the reasons behind implementing the ministerial decree.

A radio campaign was also carried out, but details were not available to the MVE Unit. A second campaign was planned. A recording was made on December 4, 2001 for broadcast in the immediate future. The first broadcast of this program was on December 8, 2001.

Accomplishment

Indicator	Status	Justification
D.12.1	Accomplished	MALR implemented a public awareness program through newspapers, radio and television

Documents attached immediately following

1. Copy of Ministerial Decree 1454/2001 (Arabic)
2. Translation of the above decree in English
3. Copies of newspaper articles describing the GOE's new policy (Arabic)

Other relevant documents

None

## **E. FOOD SECURITY AND POVERTY ALLEVIATION**

### **Benchmark E.1: Proper Labeling of Food Products**

#### **Policy Benchmark:**

The GOE (MSHT) will ensure that all food products are properly labeled for consumer protection.

#### **Verification Indicator(s):**

**E.1.1.** Decree establishing truth in labeling for milk products, as per standard U.S. or EU criteria, to establish the distinction between fresh and reconstituted milk.

**E.1.2.** Public awareness of new regulations among processors.

#### *Method*

**E.1.1** The MVE Unit obtained a copy of ministerial decree 242/2000 by the Minister of Industry and Technology Development.

**E.1.2.** The Unit examined the labels of milk products in the market. Dr. Adel Mostafa and other Unit staff attended a meeting held in Cairo on November 7, 2001 to inform milk processors about the new labelling requirements.

#### *Analysis and findings*

**E.1.1.** The decree covers both pasteurized (fresh, chilled) and sterilized (UHT) milk and states that dairy producers should state whether their dairy products are made from fresh milk or dehydrated milk or a mixture of the two. Many in the industry interpreted the decree to mean that there only needs be a special label if powder is used. Hence as of the early part of 2001, while most of the UHT milk producers put special labels on their products to disclaim powder content, one or two processors did not put such labels on these products.

Since milk from Egypt is not likely to be exported at this time or in the near future, there is no need for, and therefore one would not expect there to be, in the new regulations a reference to, or consistency with, any other country's or region's standards. The new decree lacks such reference to foreign standards, but it is suitable in all other aspects, so the decree accomplishes the indicator.

**E.1.2.** By the middle of 2001, most, but not all, milk processors had printed a special statement on the label of their fresh milk or UHT milk container explaining whether the contents were made from fresh milk or powder. On November 7, 2001 the RDI team organized a meeting with milk processors, and almost all of the large processors were represented at this meeting. Copies of the decree were passed out, and the issues involved were discussed. One of the large processors, which makes "Viva" products, was not present at this meeting. "Viva" products had not carried a special label earlier in the year. However, the MVE Unit later verified in the market that "Viva" products do now carry such a label, as do all other major UHT and fresh milk products the Unit could find.

Accomplishment

Indicator	Status	Justification
E.1.1	Accomplished	The required decree has been issued by the Minister of Industry and Technology Development.
E.1.2	Accomplished	MVE Unit staff attended a meeting from which it was clear that milk processors are aware of the new regulations.

Documents attached immediately following

1. Copy of decree 242/2000 by the Minister of Industry and Technology Development (Arabic)
2. Translation of the above decree in English
3. Copies of labels on UHT and fresh milk containers, with dates of production, showing labelling for fresh or powder content (Arabic and English)
4. List of attendees at November 7, 2001 public awareness meeting (English)

Other relevant documents

None

## **Benchmark E.2: Improved Fisheries for Employment, Incomes and Nutrition**

### **Policy Benchmark:**

The GOE (MALR, in cooperation with the MWRI) will restock the Nile in Upper Egypt with indigenous species of fish.

### **Verification Indicator(s):**

**E.2.1.** The GOE (MALR/GAFRD) will issue a policy statement that re-stocking the Nile is now the policy of the GOE.

**E.2.2.** The GOE will prepare and approve plans and obligate LE 1 million for re-stocking selected areas along the Nile.

### ***Method***

**E.2.1.** The MVE Unit obtained a copy of the official policy statement and reviewed it for relevance.

**E.2.2.** The Unit obtained copies of the plans for restocking and evidence (e.g., approved official request memo) of the obligation of LE 1.04 million for re-stocking selected areas along the Nile. Dr. Adel Mostafa of the MVE Unit attended the re-stocking event in Qena on June 6, 2001.

### ***Analysis and findings***

The MVE Unit has received a study concerning the Nile Stocking project, which was carried out to evaluate a potential project for enhancing fish production in the Nile through restocking. The study included surveys and visits to areas of Upper Egypt and the Delta. Suitable sites for applying the project were studied, and sources of fish seed and hatchery capacity were evaluated. The study recommended restocking the Nile.

Areas along the Nile were visited during the field study including territories of the governorates of Sohag, Qena and Aswan. Fish hatcheries, fishermen cooperatives, fishing ports and landing sites, and some cage culture units and fishing grounds were visited.

The study concludes the following:

- The Nile and its extensive system of canals are the only source of fresh fish for a large part of the population of Upper Egypt.
- Changes in the river environment during the last four decades and uncontrolled fishing have greatly affected the fish population of the river.
- A noticeable increase in river fish production can be achieved through restocking with fingerlings, as well as through decreasing pollution in the river.
- Tilapia was found to be the best non-exotic fish for restocking the Nile.
- An increase of 47% of the total Upper Egypt fish production (North of the high dam) and about 17% of the total river fish production can be achieved through the implementation of the project.

- Khours (small bays) of the river in Upper Egypt are suitable places for fingerling release. Thirty-two surveyed khours were suitable, and ten were selected for the first phase of the project.
- Nursing of fry to fingerlings can be done in GAFRD hatchery ponds; expansion in the nursing areas is required.
- Facilities of two GAFRD hatcheries in Sohag and Nagaa Hammadi can cover the requirements of the first phase with their present capacity. The requirements of the second phase will depend on expanding nursing areas of the two hatcheries and involving the other three Upper Egypt hatcheries.
- Project cost is estimated to be LE 16.9 million over four years.
- The value of the expected additional production of fish is estimated to be LE 140-168 million.
- At least 20,000 jobs can be created by the project in Upper Egypt.

The study included an action plan and time schedule, and the required investments and expected costs and returns. The topics covered in the report include: fish stock support of the river, previous activities, present status, project targets and objectives, suitable restocking locations, and present hatchery capacities.

The MVE Unit received a copy of a letter dated September 25, 2000 from GAFRD to HE Dr. Wally, explaining the Nile Stocking project. The letter was initialed by HE the Minister with a notation indicating his approval of the study. The Unit also received a copy of a memo from GAFRD to HE Dr. Wally on the Nile Stocking Project on December 6, 2000; it refers to the letter of September 30. The memo explained the objectives of the study and the two phases of implementation, applying for approval of a budget of LE 1.04 million for the first phase of the project from APRP tranche funds. By initialing this memo, HE approved these funds for the program and the implementation of both phases. By approving the study, funding for the activity, and implementation of both phases of the project, HE the Minister has established the Ministry's new policy on restocking.

MVE also received a copy of a report presented to HE Dr. Wally by the Chairman of GAFRD on May 14, 2001 reporting the event that started the first phase of the Nile Stocking project. The report mentions the attendees' names, Dr. Jane Gleason, Miss Anne Williams, Mr. Samir Shehata, Gen. Ahmed Abdel Aziz Bakr, Governor of Sohag, and representatives of GAFRD. The first phase included releasing 250,000 *Bult* (Tilapia) fingerlings in the river at Esaweia, in Sohag governorate. HE the Minister commented that he had reviewed the report.

On the 6th of June, 2001, the second release of fingerlings took place in Qena. This event was attended by MVE's representative, Dr. Adel Mostafa, GAFRD officials, the APRP technical coordinator, RDI representatives, and the Governor of Qena, who witnessed the release of 250,000 fingerlings.

### Accomplishment

Indicator	Status	Justification
E.2.1	Accomplished	HE the Minister of Agriculture and Land Reclamation has given his approval to a new restocking policy by his initials and instructions on an official letter and memo.
E.2.2	Exceeded full accomplishment	MALR has gone beyond establishing plans and allocating the required funding by carrying out the first releases of fingerlings in the Nile.

### Documents attached immediately following

1. Copy of a letter dated September 25, 2000 from GAFRD to HE Dr. Wally, explaining the Nile Stocking project, initialed by HE the Minister with a notation indicating his approval of the study (Arabic)
2. Translation of the above memo in English
3. Copy of a memo December 6, 2000 from GAFRD to HE Dr. Wally applying for approval of a budget of LE 1.04 million for the first phase of the restocking project, initialed by HE the Minister, to approve both these funds and the implementation of both phases of the project (Arabic)
4. Translation of the above memo in English

### Other relevant documents

1. Study, "The Project of the Development and Enhancing of River Nile Fisheries" (Arabic)